

STATEMENT OF THE DIRECTOR
UNITED STATES ARMS CONTROL AND DISARMAMENT AGENCY
BEFORE THE HOUSE FOREIGN AFFAIRS COMMITTEE
AUGUST 29, 1963
IN SUPPORT OF LEGISLATION TO INCREASE THE
AUTHORIZATION FOR APPROPRIATIONS AND TO MODIFY
THE PERSONNEL SECURITY PROCEDURES FOR CONTRACTOR EMPLOYEES

88th Congress, 1st Session

Mr. Chairman, it is my privilege today to appear before you and the other members of the Committee to review the legislative proposals to amend the Arms Control and Disarmament Act. These proposals would increase the authorization for appropriations and would modify the personnel security procedures for contractor employees. The proposals are reflected in a number of identical bills introduced in the House during this session of Congress.

Two Agreements Reached So Far

Since its creation, the Agency's research and negotiating efforts have contributed substantially to two arms control agreements.

Other agencies have naturally been part of the effort. But the concepts for both the "hot line" agreement and the limited test ban were formulated and largely carried out by ACDA.

In each case, the homework was done in advance and the proposal was put forward with the Agency quarterbacking the activity. Careful advance preparation produced quick agreement after the Soviet Union accepted each proposal in principle months after it was made. In each case, ACDA produced the

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"first draft" of the agreement in Washington, and then supplied staff and back-up for the negotiators.

The Agency, however, should not be judged alone by the number of agreements it makes. It is likely that there will be long periods when no agreement which would serve our national interests will be possible. But there will be other agreements. And, this Committee ought to have some satisfaction because of the contributions of the Agency it helped to create.

The Appropriations Amendment

With respect to the legislation now before you, the Agency is primarily concerned about the proposed amendment to increase the authorization for appropriations. Section 49(a) of the Arms Control and Disarmament Act contained an authorization ceiling of \$10 million. Of this amount, \$8.33 million has been appropriated and only \$1.67 million remains.

The budget request for fiscal year 1964 contained \$15 million for the Arms Control and Disarmament Agency. Eleven million dollars of this was requested for contract and grant research. The remaining \$4 million is for research by Agency personnel, for administrative support of our program, and for utilizing the results of research and study through knowledgeable negotiations.

The bills introduced in the House in support of the Agency's legislative program would amend the Act to authorize the appropriation of "such sums as may be necessary and appropriate."

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When originally introduced, S. 777 was identical to the House bills. As passed by the Senate, however, S. 777 authorized to be appropriated the sum of \$20 million to cover two fiscal years, 1964 and 1965.

If the Agency is to carry out thoroughly and effectively the functions assigned to it by Congress, it will need more than the \$20 million for two years authorized in S. 777.

The main effect of limiting available funds to \$10 million per year for the next two years would be the impact on the Agency's research program. We had planned only small staff increases, in any event, but even if increases above the fiscal year 1963 level were further restricted, almost the same amount (\$3.7 million, as compared with the \$4 million requested) would be required for program operations in fiscal year 1964. Therefore, a \$10 million authorization for fiscal year 1964 would result in a 40 per cent cut in requested contract research funds, from \$11 to \$6.3 million.

A cut of this magnitude in our research program would require us to reduce substantially some high priority projects. It also would require us to eliminate other projects which are important for a comprehensive, coordinated program. Such a limitation would have an even greater adverse impact in fiscal year 1965 when not only more advanced research and analysis will be valuable but in addition more costly operational proof tests will be required.

The importance of the research program was recognized by

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Congress when it created the Arms Control and Disarmament Agency. We were directed to explore, develop, recommend and, if approved by the President, negotiate possible alternatives to the arms race in order to enhance our national security. As I have indicated, both the so-called "hot line" agreement and the limited test ban were produced with this kind of effort. A broad background of technical information must be available to our negotiators if we are to participate most wisely at the conference table.

As the ACDA research program has acquired more clearly identified goals, contracts and grants have been let at an increasing rate. For fiscal year 1962 the Agency's budget provided \$600,000 for contract research, approximately one-third of its total budget. For fiscal year 1963 Congress provided \$4 million for contract research; this was roughly two-thirds of the Agency's total budget.

The Agency was, incidentally, limited in incurring contractual obligations during the first part of fiscal year 1963 because the bill containing our appropriation for that year was not enacted until October 18. The funds were not apportioned until November 16. This late date was the principal reason for the greater rate at which Agency funds were obligated during the latter part of fiscal year 1963.

There are sound reasons why the ACDA contract research program should be growing. The Agency is just under two years old. During much of this time we have been developing the basic

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concepts for the research program. Early work in this development was, of necessity, exploratory and conceptual and did not involve much detail. However, now more detailed research and analysis is required to provide technical support for sound United States negotiating positions.

To illustrate, it takes much detailed technical information to develop a good verification system. If nuclear weapon tests, for example, are what we want to limit or prohibit under an agreement, we must first identify the key "indicators" of foreign nuclear weapon tests. Second, we must design a verification system which will monitor those indicators. Third, we must devise means of testing the elements of that system. Fourth, we must conduct actual field tests. Generally speaking, each of these successive steps costs more money than the last. Because of what has been done, we have confidence in the present proposed treaty.

Most of the technical contract research on verification of this treaty has actually been done by the Department of Defense which was assigned that responsibility before ACDA was created. But ACDA has done a great deal of research on this subject since its establishment. Moreover, it has begun both in-house and external contract work on several other areas of possible agreement, many of which require a detection system probably even more complicated than that required by a test ban.

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This effort is expensive. This is particularly true as ACDA gets into the later stages involving "hardware" research and field tests. However, ACDA's budget of \$11 million for fiscal year 1964, which for the first time includes some research of a field test nature, is modest in comparison to similar research efforts by other agencies and industrial concerns.

The increased appropriation we have requested is neither inconsistent with our stage of development as an Agency nor extravagant. Moreover, if we are to take the next steps forward from the limited test ban agreement, we must keep new ideas from contract and grant research flowing into the Agency. If we are to produce sound arms control plans consistent with the security of the United States, we must be able to plan verification systems and test them.

The trend in ACDA research, namely, greater detail and specificity, is evidenced by the contracts let in the latter half of fiscal year 1963. Even more indicative of this trend is the list of proposed contract and grant studies programmed for fiscal year 1964. Both these lists are included in the appendix of the presentation booklet the Agency prepared for the use of the Committee.

Included in the fiscal year 1964 list is the field test research project ACDA has programmed in cooperation with DOD. Out of the \$11 million requested for research during fiscal year 1964, we planned to allocate \$2.4 million to cover ACDA's share of the cost of this field test program. The Department of

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Defense will support an equivalent share.

If the Agency were limited to \$6.3 million instead of \$11 million for fiscal year 1964 research, the Inspection Field Test Program would have to be substantially reduced.

In addition, the grant research program would have to undergo more than a two-thirds reduction. ACDA looks to this, in part, for new concepts for agreements that might follow the "hot line" and the limited test ban. A cut to \$6.3 million would probably require cutting out much of the contract work directed at steps toward decreasing tension and reducing the risk of war by accident or miscalculation. Our presentation statement (pp. 19-20) lists some of the more valuable research endeavors which probably would have to be eliminated entirely if the Agency were limited to \$6.3 million for research in fiscal year 1964.

The importance we attach to these projects of more modest priority emphasizes the high degree of importance we attach to the projects we would retain even at an over-all reduced level of research effort. However, the impact of the Senate cut in authorized appropriations cannot be measured solely in terms of individual project reductions and eliminations. Such a budget reduction also will result in reduced coordination of research projects. Many of these projects are related and depend upon the successful conclusion of other projects for maximum effectiveness.

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Our experience suggests the importance of research prior to negotiations. The Department of Defense and ACDA research produced a draft for a limited test ban treaty which was tabled on August 27, 1962. This was available for inspection by the Soviets for 10 months before Chairman Khrushchev decided to accept it in principle on July 2, 1963. After that, negotiations went quickly because our homework had been done in advance.

Our research program as presently planned is designed to study problems in a systematic and timely way before they become critical negotiating issues. Only in this way can we have assurance that our negotiating policies and positions are sound and consistent with the security of the United States.

We believe that most of the research planned for fiscal year 1964 should be carried out in the near future. It covers a broad range of conceptual and detailed research projects in the field of arms control and disarmament. It is expected to provide us with the type of knowledge that will enable us to take negotiating initiatives and respond effectively, with foresight, to Soviet negotiating initiatives.

The field of arms control and disarmament is not an area of endeavor in which we can engage safely without making every reasonable effort to assure ourselves that our proposals and our responses to proposals would enhance our security if adopted.

Some changes, of course, will be necessary in our planned research as we proceed. These changes will reflect high

priority needs that are disclosed by negotiation or by un-anticipated results from prior research. We are currently evaluating the impact the test ban treaty may have on future research. However, we believe the over-all research program planned for fiscal year 1964 is both sound and essential. I hope the Committee will agree that it is a wise investment in the future security of the United States.

The Security Amendment

The second amendment to the Arms Control and Disarmament Act proposed in the House bills would alter somewhat the security provisions of the Act. This amendment was included in S. 777 as passed by the Senate.

Before I discuss the proposed amendment in detail, let me be quite specific about two things. First, the amendment pertains only to the employees of contractors; it would not in any way revise the security procedures or standards for employees or consultants of the Agency. Second, the proposed amendment is entirely consistent with the fundamental security criterion in the Act, namely, that standards applicable to security clearances shall not be less intensive or complete than in the case of Government agencies having the highest security restrictions.

Under the Act, as presently written, personnel of contractors may not have access to classified information until they have been investigated in accordance with the Act, which provides for arrangements for full field background investigation by either the Civil Service Commission or the Federal Bureau of Investigation.

The amendment would permit the Agency to grant access to contractor personnel who had already received a security clearance from another Government agency, provided that: (1) the security clearance had been granted to the individual concerned by the other Government agency on the basis of the same investigation and report that it furnished to the Director; and, (2) the Director shall have determined that the person is not a security risk or of doubtful loyalty under standards set forth in Section 45(a) of the Arms Control and Disarmament Act.

We request this statutory change because a number of cases have arisen in which our contractor employees have been required to undergo a Civil Service Commission or Federal Bureau of Investigation full-field background investigation, even though they have been cleared by another Government agency on the basis of a full-field background investigation conducted by an agency other than the Civil Service Commission or the Federal Bureau of Investigation. This procedure involves a costly duplication of effort, as well as delays, and is in our opinion unnecessary in the interest of security.

Each full-field background investigation now costs between \$350 and \$400. On just two of our contracts, for example, the procedure proposed by the amendment would have saved the Government over \$5,000.

Clearances based on full-field background investigations normally have taken around sixty days. When the load has

become heavy, they have taken as much as 90 to 120 days. In the usual case, an Agency contractor cannot bring his full effort to bear on a study for two to four months after a contract with the Agency is executed. In instances where classified bidders' conferences are necessary to enable proposers to prepare fully responsive proposals, an additional period of delay is encountered to clear contractor personnel in advance of the bidders' conference.

Research work has been delayed by our security requirements. I fully appreciate that some delays are inevitable where strict security requirements must be observed in the national interest. However, these delays should be reduced to a minimum consistent with sound security practices.

The change I have been discussing would not result in investigations which are less intensive or less complete than the Act presently requires. It would not relax the present strict standards for security clearance. It would merely permit the utilization of an investigative report prepared by an agency other than the Civil Service Commission or the Federal Bureau of Investigation, and a clearance by such other agency, as the basis for clearing contractor personnel.

If the investigative report of the other agency did not, in our opinion, fulfill our normal requirements with respect to thoroughness and completeness, we would obtain additional information on matters not adequately covered.

We have discussed this amendment thoroughly with security personnel of the Central Intelligence Agency and the Atomic Energy Commission. The proposed procedure would be on a parity with practices followed by our most sensitive agencies. Indeed, the language of our proposed amendment is based on a 1961 amendment to the Atomic Energy Act.

Prior to 1961, Section 145 of the Atomic Energy Act of 1954 also required an investigation by the Civil Service Commission or the Federal Bureau of Investigation for Atomic Energy Commission security clearances. The 1961 amendment to the Atomic Energy Act authorized the Commission to grant access to Restricted Data to any individual on the basis of an investigation made by an agency other than the Civil Service Commission or the Federal Bureau of Investigation. As I have indicated, our amendment is less far-reaching in that it is limited to contractor personnel.

The last sentence in our security amendment would authorize the Agency to grant to contractor personnel access to information classified no higher than Confidential on the basis of something less than a full-field background investigation. Access to Confidential information would be granted to contractor personnel on the basis of a check of agencies maintaining personnel security files, such as the Federal Bureau of Investigation and various intelligence agencies. If such a name check disclosed any question whatsoever, access to all classified information would be withheld pending a more thorough investigation of the individual

involved. This portion of the amendment would simply authorize the Agency to follow a practice already commonly utilized by other Government agencies.

Such a practice would facilitate the Agency's contract research program. In many cases, such as bidders' conferences, a prompt clearance for low-classification material is all that a contractor needs. The Government's interest would be better served by providing for a low-cost, expeditious national agency check rather than an expensive and lengthy full-field investigation.

Other Amendments Added by the Senate

A number of other amendments to the Act were included in S. 777 as passed by the Senate. Among these was an amendment to prevent any action under the Act that would restrict the right of individuals to possess firearms for "the lawful purpose of personal defense, sport, recreation, education or training."

While we believe it unnecessary, the Agency has no objection to such an amendment. It should alleviate concern along this line that has developed. The Congressional intent that the prohibition apply only to light, private firearms for personal use, is of course clear.

None of the Senate amendments would have a major impact on the Agency, although the one limiting contractors to domestic concerns seems unduly restrictive. There seems no good reason for closing ourselves off from certain useful sources of information abroad. However, the occasions when we could not get most of the information at home will probably be rare.

I might add, in conclusion, that both our present and projected external research programs contain contracts and grants that have a direct and essential bearing on agreements which could follow in the wake of the limited test ban. I don't know what the next such agreement will be. As the President has said, "No one can predict with certainty . . . what further agreements, if any, can be built on the foundations of this one. They could include controls on preparations for surprise attack or on numbers and types of armaments. There could be further limitations on the spread of nuclear weapons. The important point is that efforts to seek new agreements will go forward."

Many of the contracts and grants listed in our presentation material are directly related to the possibilities mentioned by the President. Our outside research projects dealing with inspection and verification problems have a bearing on many possible areas of agreement. I believe these studies must be continued if we are to obtain maximum assurance that particular agreements are in our national interest.

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UNITED STATES ARMS CONTROL AND DISARMAMENT AGENCY

September 17, 1963

Dear Mr. Houston:

Enclosed are three copies each of Mr. Foster's August 29, statement before the House Foreign Affairs Committee, the statement he claims to make tomorrow morning before the same Committee, and a contingency statement on policy coordination within the Executive Branch. We will appreciate your making these available to Mr. McCone as we discussed on the telephone.

Many thanks.

Very sincerely,

William H. Berman

William H. Berman
Deputy General Counsel

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